

Ex "270

Gist of the Talk by SATO, Kenryo,
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Aug. 25 - Aug. 29, 1938,
At the temporary conference of Police
Bureau Chiefs in the Home Office.

Two talks by SATO, Kenryo, are practically the same except for a slight change in the contents and in the order. Following is a collection of both talks. The responsibility for the wordings, of course is on the writer.

On the Policy in Dealing with the Chinese Incident.

Under the present incident, I believe, there are many doubtful points in the government's policies in coping with the incident to all the people in positions to lead the public in regards to maintaining peace and order in various districts and in making the people understand the object of this affair. I also believe that these people are not the least dissatisfied from the point of executing their duties. To this I am of the same opinion. The truth is that the highest authorities themselves are not very clear on this policy of dealing with the Chinese Incident. The division commanders and brigade commanders also have asked me the same questions and they, too, seem to hope for a definite policy.

However, this is, in reality, a very difficult problem. In the case of the Sino-Japanese War all we had to do was to repel the Chinese forces from the Korean Peninsula, and in the Russo-Japanese War all we had to do was to clean up the Russian influence from South Manchuria and to annihilate the Russian troops. Both these wars had a very simple object, but this present incident is quite different and is very complicated.

The present incident, in the first place, has a very complicated and an always changing object. Therefore, the objects of operations are not definite. Even if the object is definite:

1. Manipulation of troops for operations on the continent.
2. The abnormal conditions of China--without the modern national system, she is like an earthworm, for no matter how she is cut up, each portion will continue its existence.
3. Britain and Russia are in the back of China, aiding her directly and indirectly, greatly hampering our field of operations.

At the time of the outbreak of the present conflict in the Marco Polo Bridge incident in July last year, Japan's attitude was to take the policy of settling the incident on the spot and not to spread the hostilities. In spite of this, the Chinese have not stopped their disturbances, repeatedly bringing about the Kwan-an Gate Incident in Peking and the Oyama Incident in Shanghai.

Finally, our government, on August 15 at 1.30 a. m. had made a declaration to the world of our intentions. The gist of the declaration is as follows:

"Japan, in the hope of establishing everlasting peace in East Asia, has, for a long time, strived for a friendly coalition between China and Japan. However, the Nanking Government, overconfident in her national power, and ignoring the true strength of Japan, has come to cross swords with our country in collaboration with the communistic influences by taking an anti-Japanese stand and insulting our Empire.

"In recent years, the Chinese have provoked repeated disgraceful incidents. This time, they have caused the outbreak of a disgraceful affair on the banks of the Yangtze River (Marco Polo Bridge Incident), and they have ventured atrocious acts, not to be tolerated by both mankind and God, upon many Japanese residents in Tung-show. The lives and properties of Japanese residents in Central and South China have faced a grave crisis and our countrymen have had to evacuate temporarily from their lands of long years of peaceful living.

"However, Japan, through patience and self-respect, has earnestly hoped not to spread the hostilities, and has repeatedly implored the Nanking Government in the hope of settling the incident on the spot peacefully, to stop their acts of hostilities and not to obstruct our intentions of settling the affair. Without paying any heed they, on the contrary, prepared arms against the Empire and finally bombed our ship in Shanghai.

"The situation having come to this point, Japan, unable to have patience any longer, responded the bombing and in order to demand the Nanking Government's reconsiderations, a definite measure has had to be taken.

"And this measure is none other than to uproot China's anti-Japanese activities and to do away with the source of such disgraceful incidents, thereby realizing the friendly coalition among the three nations, Japan, China, and Manchukuo. Japan has no territorial ambitions whatever, etc."

The above statement may be called a declaration of war. Our motive at that time was not to overthrow the government of China but to repel the revolting army to demand the Nanking Government's reconsiderations, and the operational object was in the Chinese Army. This is an important point that is different from the cases of the Sino-Japanese and Russo-Japanese Wars.

Thus, the motive of this incident has been vague from the start. To demand the Nanking Government's reconsiderations----- What if they shall not reconsider no matter how long it takes?

As a means of demanding their reconsiderations it is a matter of importance that Japan will make them understand her true strength by doing away with the aid of the British and the Russian influence in the back of China, to do away with the economic aid of Britain and the military aid of Soviet Russia. These two nations are similar to the Shira (Korean State) working in the background of the Rebel Kumaso.

As an operation at the time of the outbreak of this incident, we were of the opinion that the mapping up of the Peiping-Tientsin areas--an intermediate between non-expansion and all out operation policies--by striking a blow at the Chinese 29th Army, and repelling them to the south of the Yung-Ling River, the problems of Chi-tung and Chi-sha would naturally be settled.

Therefor, the field of operation had to be expanded and our troops penetrated ---- and then to Shanghai and to the fall of Nanking. Then there was the miraculous landing at by the Yanogawa Forces.

In speaking a little of our preparation for war, all the ammunition we had in preparation for a possible war with Russia was exhausted by the time of the fall of Shanghai in the attack of . Huge expense is necessary in a war for supplies--especially for ammunition and airplanes. Moreover, airplanes are good for only about a year. It is an assemblage of the essence of science in the highest degree and is always necessary to have the most superior element and the highest power. Ammunition, again, not only takes up the highest expenditures in war but the period of efficiency needs very close attention. There is no example where any country in the world has declared a war with perfect preparation in ammunition. This ammunition ran short for a time in the battle of Shanghai, causing our men to face a grave danger. This, of course, may have been partly because they were scattered in various areas for the sake of operations. At present the war production power has been expanded and there is no such necessity, but after we have started a war we must never forget to be prepared against Soviet Russia. We can never tell when an all out war with Russia might break out like the Chang-ku-feng incident. It is a tabooed thing to be pessimistic by believing the so called Russian attitude toward Japan--that of non-aggression. When we put into consideration the possible war with Russia, our war production at the present is extremely inadequate. On the other hand, we are being troubled by problems pertaining to foreign exchange and import of goods.

Next, I wish to speak to you on Japan's statement of January 16. Based on Japan's statement of August 15, as I have related before, Foreign Minister Hirota, with the view to let Chiang Kai Shek surrender, had proposed the German Ambassador to mediate, and expressed our intentions of desiring peace in the event that China will join hands with Japan and Manchukuo in an anti-communist front. Thereupon, in the latter part of November, the German Ambassador asked Hirota in reply, "The Chinese side seems desirous of agreeing to Japan's proposal. Is there any change in the proposal?"

The first negotiation between the German Ambassador and Hirota was in the latter part of August, before the fall of Lo-tien-chen; and now it was the latter part of November, just before the fall of Nanking. At this day when there had already been a great change in the situation, it was obvious that it was impossible to go into negotiations based upon the former conditions.

Thus, after all, it was the 22nd of December when Hirota made the following reply to the German Ambassador: "At this time when there has been a great change in the situation, it is not possible to make the conditions agreed by the Chinese the basic conditions for a truce any longer. If the Chinese side will generally agree on the following terms, we shall be ready to go directly into negotiations. If the Chinese side should act contrary we shall have to deal with the incident from a new standpoint, etc."

Terms.

1. China shall abandon her pro-communist and anti-Japanese policies, and collaborate with both Japan and Manchukuo in an anti-communist policy.
2. Demilitarized areas shall be established in necessary regions, and special organs (wide-scale free government system) shall be set up in the said areas.
3. A close economic treaty shall be concluded among the three nations, Japan, Manchukuo, and China.
4. China shall make necessary reparations to Japan.

Then we demanded a reply by the end of the year, and also to dispatch a delegation either to Japan proper or to Shanghai for the purpose of truce negotiations based upon the above terms.

Of course, we had a feeling that the reply may be prolonged until about the 10th of January. The details of the above basic terms our government had in preparation are as follows:

Details.

1. China shall formally recognize the government of Manchukuo.
2. China shall abandon her anti-Japanese and anti-Manchurian policies.
3. China shall establish special areas in North China and Inner Mongolia.
 - A. Proper organs shall be set up in North China for the realization of co-existence and co-prosperity for Japan, Manchukuo, and China. This organ shall be given wide powers and shall specially strive for the realization of economic coalition among the three countries.
 - B. An anti-communist self-government shall be established in Inner Mongolia. Its international position shall be the same as that of Outer Mongolia.
4. An anti-communist policy shall be established, and China shall cooperate with Japan and Manchukuo in the execution of the same policy.
5. Demilitarized areas shall be established in occupied territories of central China. China and Japan shall cooperate in the maintenance of peace and order in Shanghai and in its economic development.
6. Japan, Manchukuo, and China shall conclude necessary agreements on customs duties, trade, air defense, transportation, and communications in connection with the development of natural resources.
7. China shall pay indemnity to Japan. (There are oppositions within our circles).
8. China shall recognize the stationing of Japanese troops for necessary terms in designated areas in North China, Inner Mongolia and Central China for the purpose of security.
9. Truce treaty shall not be negotiated until after the above agreement shall have been concluded.

Had China executed the above details faithfully, our government had secret intentions to cancel the article on stationing of troops for security and to cooperate and aid in the development of China. I believe you all are very indignant of such lukewarm terms and details. There has been a same tendency in the Diet meetings.

Thus it was January but there was no reply to the above principles from China, even delegates had not been dispatched, and there was no sincerity at

all. Within the circles of our government there had been, from the end of the year, suggestions to appeal for a conference before the Imperial presence, which resulted in the Imperial Conference of January 11. I understand that the Emperor had decided to go into a prolonged endurance war should the Chinese give up.

Thus, on about the 14th of January, the Chinese side is said to have replied to the following effect:

"China is ready to start peace negotiations but the terms proposed by Japan are too abstract and it is difficult for us to reply." etc.

Then, you may say, what if we shall submit the above details. But such is not the best policy; it is only when the terms are abstract that there is any value or necessity of conferring and negotiating.

Such was the development, and finally, on January 16, a statement was issued. This statement, I believe, should have been issued by the end of the year, before the fall of Nanking.

Two reasons why the fall of Nanking--the fall of the enemy's capital--did not have the anticipated effect upon foreign countries were the bombing of the gunboat Panay, and the lateness in issuing the above statement. One reason why the statement was late is because there was an opposition in opinion, within the Army, on the China policy and the Konoye Cabinet, for a time, was about to fall.

Since there was no sincerity on the part of the Chinese, as has been related above, the Army considered it the major factor to overthrow the Chiang Regime first of all. And in order to do this, plotting should be proceeded within the occupied areas.

In the first place, unlike the Sino-Japanese and Russo-Japanese Wars, this incident is not a war based chiefly on military operations, but should be a war based chiefly on political expeditions.

Therefore, the schemes in the occupied areas--the establishment of a rising political regime--were planned to be carried out after the fall of Nanking last fall by having WANG-KO-MIN set up a regime in North China.

In general, the influential persons of China were of the opinion that if Japan will strive to overthrow Chiang Kai-Shek to the last they should be obliged to rise and take a hand in the rising government. If, however, Japan will compromise with Chiang, they should only be killed for treason. So, they would not readily decide until Japan will show a definite attitude never to compromise with Chiang Kai-Shek.

I agree with them on this point, and this is one reason why it was necessary for Japan to clarify her basic principle on China.

This resulted in the statement of January 16, which had not been so clear. What was announced with the intention of making necessary explanations afterward in the form of talks by the Chief Cabinet Secretary, resulted in awkwardness as to be called lacking in distinctness.

The principles of the statement, in the first place, had been deliberated upon for about a month by one chief official from the Foreign Office, War Ministry and the Navy Ministry respectively. After forecasting what attitude Chiang Kai Shek will take toward Japan after Japan will have renounced the central government of the Chiang Regime, the statement at that time, had stated plainly our measures against him. However, a part of the above statement had been canceled at the cabinet meeting for the reason that it was too long, resulting in an important conclusion as follows:

The Statement.

The Imperial Government has tried till this day to give the Chinese Kuomintang Government a last chance for retrospection even after the fall of Nanking.

However, the Kuomintang Government, not understanding our true intentions, stubbornly showed hostilities toward Japan. Disregarding the people's sufferings from distress, China has no intentions to reflect upon establishing peace in all areas of East Asia.

Therefore, the Imperial Government shall not deal with the Kuomintang Government hereafter. We shall hope for the establishment and development of a new government that will truly collaborate with Japan, and by adjusting our relations we shall cooperate with that government for the establishment of a renovated China.

Japan, of course, shall continue to respect the territory and sovereignty of China and the rights and interests of the Powers in China. Japan is now charged with a great responsibility of peace in East Asia. The Government implores the people to put every effort in the execution of this important duty.

End.

Above is the full text of the statement.

Following is the outline:

1. Non-recognition of the Chiang Kai Shek Regime as the central Government of China. In other words, it means that Japan will not deal with the Chiang Regime in a general truce negotiation.
2. Establishment of a new government. Japan shall give all out support for this government.

However, this is improper because it has not clarified our attitude to be taken in the event the Hankow Government, or in other words Chiang Kai Shek should surrender, no matter under what conditions.

This, as I have previously related, had been stated in the draft. In any event, if the present Hankow Government should surrender, it will, of course, not be proper to deal with this government; but is it not possible to deal with them as a pro-Japanese district government? This should be deliberated upon at the Five Ministers Conference.

Moreover, the statement "Japan shall not deal with the Kuomintang Government hereafter" had originally been proposed by the Army and it had been "Japan shall not recognize the Chiang Regime as the Central Government hereafter---in the draft". This was changed because of opposition by the Foreign Office. The draft by the Foreign Office had been, "The Kuomintang Government, separated from the capital of Nanking, is recognized to have lost its powers. Therefore, Japan shall not deal with this government in the settlement of the incident".

Concerning the effect of the statement on the Chinese side, the Chinese have declared their attitude by saying, "The reply to Japan does not mean that China is trying to evade peace negotiations. Our government has discussed the terms proposed by Japan, but since there are foreign rights and interests in China things are very complicated, and we have only asked Japan for more complete terms. Peace with Japan is what we hope for, etc." I believe this to be China's scheme to guide her foreign policy on an advantageous line hereafter.

Now I would like to deliberate on the future after the fall of Hankow. There is nothing so difficult to forecast and so uncertain. None had thought, at about this time last year, that we would even send troops to seize Hankow. This may not be called a forecast, but it will not be very long before the major operations will come to a conclusion. However, this does not, at all, mean the conclusion of this incident.

Next will be the problem of forecasting whether Chiang Kai Shek will surrender or not after the fall of Hankow, and our attitude in dealing with this.

1. In case the Hankow Government does not surrender it will be called an anti-Japanese district government; but it is a question whether we should pursue them indefinitely and give them the finishing blow.
2. In case of surrender--surrender shall mean that Chiang Kai Shek will bow unconditionally, and therefore China shall abandon her pro-communist and anti-Japanese policies, and of course, participate in an anti-communist front with Japan. In this case, what ways and means shall be taken in uniting the new pro-Japanese government to be established in Hankow and the existing pro-Japanese regime in North and Central China? An autonomous government of federated provinces may be set up, or a powerful regime capable of including such a government may be established, and there are various other forms that may be considered. Anyway, the time will be ripe after the fall of Hankow, for establishing a central government, which should be centered around a character capable of winning the confidence of central and South China and to be popular with all of China. Unlike the case of Manchukuo, no government office will be taken by a Japanese, and Japan will do her utmost in the role of leadership. (This is the general outline decided at the cabinet meeting last fall).

Japan's government administration in North and Central China will be to put North China completely under Japan's control--to the same degree as Manchukuo--forming a defense area for Japan, China, and Manchukuo, and it will be necessary to develop the resources in this area for national defense.

Central China will be less important than North China, but will form an important base for the development of Japan's economic power. So it will be necessary to first secure our purpose in North China.

Inner Mongolia will be the same as North China in that it forms an anti-Communist area and it will be necessary for this region to have a self-governing organ. So naturally our troops will be stationed in necessary areas to cooperate with the armed organizations of China--peace maintenance troops--in the maintenance of peace and order. The unoccupied zone is established because bandits are always rampant in China. It is, of course, necessary to secure Inner Mongolia in preparation for a war with Russia, but it will be disadvantageous for Japan to provoke a war on her now. This is because we shall have to divide our troops in the North and the South to attack both China and Russia. If, however, a war with Russia is unavoidable, it will be necessary for Japan to select a proper chance after her armament and production shall have been expanded--this should be after Showa 17 (1941).

This concerns with foreign policy, but we shall recognize the rights and interest of Britain to a certain degree and have her cut all relations with Chiang Kai Shek, and it is most important that we further strengthen our anti-Comintern Pact with Germany and Italy.

The next most important thing is the problem of renovation within our government in preparation for the execution of the so-called continental policy against China. For Japan, who has started the management of Manchuria, to make an advancement into continental China, it will necessitate the rousing of redoubled effort on the part of our people. One reason why our country has originally been unsuccessful in colonial policies lies in the lack of national strength, especially in the power of production. This recent example could be seen in South Manchuria. Japan, at that time, being unable to completely manage this area, finally had to come to the Manchurian Incident, which all accounts to the lack of productive power.

What was the consequence of the Siberian Expedition--the advancement of our troops to the Baikal? This, too, resulted in the same manner.

The change of industrial management--from free to controlled--must not be a temporary phenomenon. It will be absolutely impossible to attain our purpose in our racial development through free economics. All this could be attained only through the enforcement of the general national mobilization law.

My discussion will wander from the subject, but we would have been extremely advantageous in our operations had we put the general mobilization law into motion six months before the outbreak of hostilities in the present incident.

Of course, this was in reality a matter of impossibility. In the Russo-Japanese War, our people, soon after the Sino-Japanese War, had already been determined that a war with Russia was inevitable. A veteran lieutenant-colonel, (Officer in charge of mobilization in the War Ministry), had already declared in June, 1903 (Meiji 36) (six months ahead of the declaration of war), the necessity of putting into a motion a law similar in content to the present national mobilization law. I perfectly approve of this action.

In the present incident, an Imperial Ordinance pertaining to the enforcement of part of the national mobilization law was promulgated in August last year. At that time the organs of the Natural Resources Bureau (not the executive organs) had been incomplete, and on top of this, there had been a misunderstanding between the Planning Board, and finally resulted in the establishment of a joint organ on October 25. Therefore an industrial mobilization law was passed at the temporary Diet Session in September, and in January of this year a factory supervision law was at last issued. This all goes to show how slow our government activities are.

Now we shall come back to our main subject. There is still the necessity in our country to renovate the organs of our government as well as the political party problems and the National Spirit Mobilization Central Alliance, etc. Those may be achieved only through the Pan-Asiatic Movement, (racial movement), and it will be of vital importance in guiding our younger generation.

Then in February this year an article had been published in newspapers about the returning home of relieved soldiers. It is true that some soldiers had been sent home. But to give you the facts, there had been gradual mobilizations after that, and it seems that rumors had been rampant that this was in preparation for a war with Russia. I would like to say a word on this point.

To put oppression upon the Chinese in succession would only result in strengthening their determination, so the Army decided it the best policy to contemplate a while after the fall of each city to give the Chinese a chance for internal corruption. Therefore, a part of the reserves and second reserves were sent home; but since then, it was necessary to change the plans of operation so naturally this had to be stopped. This had some relation with the establishment of the new regime declared in the statement of January 16.

The pro-Japanese Governments are located in North and Central China, but communications between these two are cut off at Suchow, a strategic point on the Tientsin-Pukow railway line, which makes things utterly inconvenient. In order to secure convictions, therefore, the unexpected attack on Suchow began. On one hand, the difference between the Chiang Government and the pro-Japanese Government is so incomparably great that one of these strategic points had to be secured for dealing a blow on the Chiang Government. On the other hand, we became pressed with the necessity of strengthening the pro-Japanese Government. Thus, contrary to expectations, it became necessary to use a large number of troops. Naturally, as previously stated, there had to be a change in plans regarding the question of relieving troops.

Lastly, I wish to say something regarding the rumors concerning peace negotiations. There are rumors going around at large that England, Germany, etc. are going to mediate between Japan and China. However, as previously related, the fundamental attitude of our Empire toward the Incident is as indicated in the January 16 declaration. Regarding the circumstances which gave rise to these, it seems that during the period covering the tenth semi-annual term (January, March, and in April), figures clearly showed a letdown in trade, (the estimated imports amounting to \$ 3,000,000,000 had to be reduced to something like \$ 2,500,000,000), while intensification of economic control became necessary, this being eventually carried out, and then of course the fact that the Cabinet members, UGAKI and IKEDA are seriously concerned regarding the opening of peace negotiations--these it seems have been the causes for such rumors, but so far as I am concerned, these have to be confirmed.

Our country will still, hereafter, require a fairly huge budget. We must surmount the difficulties, though of course we must be prepared for an increase in military supplies, and I think this is not the place to take up the question of negotiating for peace.

Recently, Chiang Kai-Shek has sent a certain person to Japan to "feel out" possibilities for peace negotiations. And it seems that this man is conducting work with the details of the peace conditions mentioned previously as the basis for his negotiations.

Regarding his attitude, I have heard that China: (1) will abandon its anti-Japanese policy; (2) will substantially recognize Manchuria; (3) will recognize the self-government of Inner Mongolia; (4) is against the establishment of demilitarized zones in North and South China; (5) is against stationing of troops in China by Japan; (6) is against immediate participation in the anti-Communist Pact; (7) is in favor of an anti-communist policy; (8) approves severing relations with the Communist Party; (9) would like to be pardoned from paying an indemnity; (10) is for economic development; and (11) Chiang Kai-Shek will retire from public life following reconciliations.

According to what I have heard, China's attitude is as stated above. Of course, I don't know the real facts, but China evades what Japan specifically aims at. Moreover, it is asking too much to try to bring about an agreement based on the Chinese ideas listed above just when Hankow is about to be stormed. Of course our Cabinet Conference will not lend them an ear.

Lastly, I wish to reiterate that our fundamental attitude towards the Incident is found in the declaration of January 16. There has been an alteration since the declaration of 15 August, last year. Hereafter, also, it will be difficult to say that there will absolutely not be any more alterations, depending on the changes in the situation. However, I think that the point regarding the establishment of a new regime is something that should remain absolutely immovable.